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SECURITY INFORMATION  
CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

REPORT NO. [REDACTED]

CD NO.

25X1A

COUNTRY East Germany/Others

DATE DISTR. 16 June 1953

SUBJECT KfA Achievements, First Quarter 1953

NO. OF PAGES 2

25X1A

PLACE  
ACQUIRED [REDACTED]

NO. OF ENCLS.

DATE OF  
INFO. [REDACTED]SUPPLEMENT TO  
REPORT NO.

25X1X

1. The main task of the East German Kammer fuer Aussenhandel (Chamber for Foreign Trade) (KfA) continues to be the expansion of trade relations between East Germany and non-Communist countries. Activity during the first quarter of 1953 consisted of establishing relations with chambers of foreign trade in various non-Communist countries which had been approached by official letter from the KfA in December 1952. Of the 82 letters which the KfA sent out, 25 had been answered by the end of the first quarter, 1953. Among those countries which replied were Finland, India, Uruguay, Japan, Belgium and Holland. Countries which have not yet replied to KfA overtures include France, England, Austria and Denmark.
2. In order to support increased trade with England and France, lists of goods were exchanged with the London Export Corporation and the British Council. An agreement for 500,000 pounds was concluded with the latter firm. During the first quarter, attempts to improve existing trade relations with France met with no success. On the other hand, the KfA received 130 preliminary questionnaires (Erstanfragen) between the middle of February and the middle of March. The majority of these inquired as to the possibilities of importing into East Germany, and most came from European countries; 30 were from England and 22 from Holland. The number of requests from Scandinavian countries was slightly smaller - which the KfA chose to attribute to the fact that trade relations with these countries are already on a firm basis and that agencies are already established. While the European countries were chiefly interested in exporting their wares to East Germany, South American and Eastern countries as well as Australia, Japan, India and Pakistan were interested in importing East German products. The chief requests from these countries were for industrial equipment and sugar.
3. During the first quarter, the KfA in general fulfilled its function as an intermediary between a foreign trade partner and the DIA. 1/ In cases where a foreign firm expressed a desire to deal with East Germany, the KfA initiated a credit investigation through the Deutsche Notenbank. There were 11 such cases during the first quarter.
4. During the latter part of the first quarter, the Main Department for Trade Relations was chiefly occupied with processing requests for information from Arab states. In connection with the trade and credit agreement concluded

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between East Germany and Egypt, there was extensive correspondence between the KfA and Egypt, Turkey, Iran, Lebanon, and, more recently, Transjordan. In almost every case the Arab nation took the initiative in contacting the KfA. The Chamber of Trade in Teheran, however, which was officially informed of the establishment of the KfA, had not answered letters from the KfA as of the end of the first quarter. Iranian businessmen, however, concluded a compensation contract after the KfA had introduced them to DIA Kompensation. The Iranians were guests of the KfA in Berlin in January and February of 1953. In March the KfA was also instrumental in bringing together another Iranian firm and DIA Kompensation.

5. The KfA had very little success in the first quarter of 1953 in stimulating trade between East Germany and India even though a number of requests for information were received from that country. KfA officials believe that the negative results of their work with India were due to inadequate support by DIA of existing German representations in India. The Main Department for Trade Relations worked out suggestions for the establishment of a branch office of the KfA in India or the conversion of the existing branch office of DIA Kompensation in Bombay to a KfA office.
6. Private businessmen from India as well as Ceylon have visited KfA headquarters in Berlin to look into trade possibilities. As of the end of the first quarter 1953, trade relations have been established with a few Ceylon firms.
7. Trade relations were inaugurated in African countries only with those chambers which previously had answered KfA letters, including Tunis, Windhoek, Johannesburg and Capetown. The KfA is currently attempting to collect trade information via these chambers.
8. During the first quarter of 1953, 36 representatives from non-Communist foreign countries visited the KfA. Of these, nine were from West Berlin. Relations with Italy were limited to private conversations of KfA members held in connection with preparations for the Milan Fair. The conversations concerned the status of the market and the possibility of increasing East German exports to Italy. Personal contact was established with 12 Italian representatives and the KfA succeeded in obtaining a stand 85 square meters large at the Milan Fair, along with an office in the Palace of Nations. Since the return of KfA representatives from Milan, requests for information from interested Italian businessmen have doubled, and the Italian trade Committee sent lists of wares and suggestions for the conclusion of a large compensation deal, with East Germany through the KfA.
9. In trade with South American countries, the KfA established relations with the Argentine state organization for foreign trade, IAPI.<sup>2/</sup> South American countries have expressed the wish to import as well as export, but no concrete offers were made during the first quarter. In order to bring about a definite agreement, a delegation from the Argentine trade committee was invited to Berlin to talk over exchanges of products. The KfA also offered to exchange information with the Argentine chambers of trade. In a similar manner lists of wares for import and export were exchanged with Brazil. Rather loose connections were also established between DIA and various South American import and export firms, but no contracts were concluded during the first quarter.
10. To increase inter-German trade, direct requests from West Germany, mostly for cultural goods, were passed by the KfA to the appropriate DIA.
11. In order to clarify the question of foreign representatives of DIA, the KfA established a card file in which the 800 permanent DIA representatives are listed. During the first quarter 600 of the cards were completed, and it was expected that the remaining 200 would be finished in April. The card file was broken down in the following two ways: alphabetically according to the number of representatives in various countries, and in the form of a survey listing the individual DIA's represented in various countries and the number of representatives belonging to each DIA.

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1. [REDACTED] Comment: Deutscher Innen und Aussenhandel.
2. [REDACTED] Comment: Instituto Argentino para Promocion de Intercambio.

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